



MOTILAL OSWAL

Value Strategy

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Why Equities?

- Importance of Equity in Wealth Creation
- Three types of Assets -
 - No Income ----- Gold, Stamps, etc
 - Fixed Income ----- FDs, Liquid instruments
 - Exponential Income ----- Equities

Exponential Businesses

Company Name	PAT (Rs Cr)		CAGR(%)	PAT Gr. (x)
	2001	2011	2001-2011	2001-2011
ACC	47	1120	37	24
Asian Paints	106	775	22	7
B H E L	313	6011	34	19
HDFC Bank	210	3926	34	19
Hero Motocorp	247	1928	23	8
Infosys	629	6443	26	10
M & M	121	2662	36	22
Reliance Inds.	2646	20286	23	8
St Bk of India	1604	8265	18	5

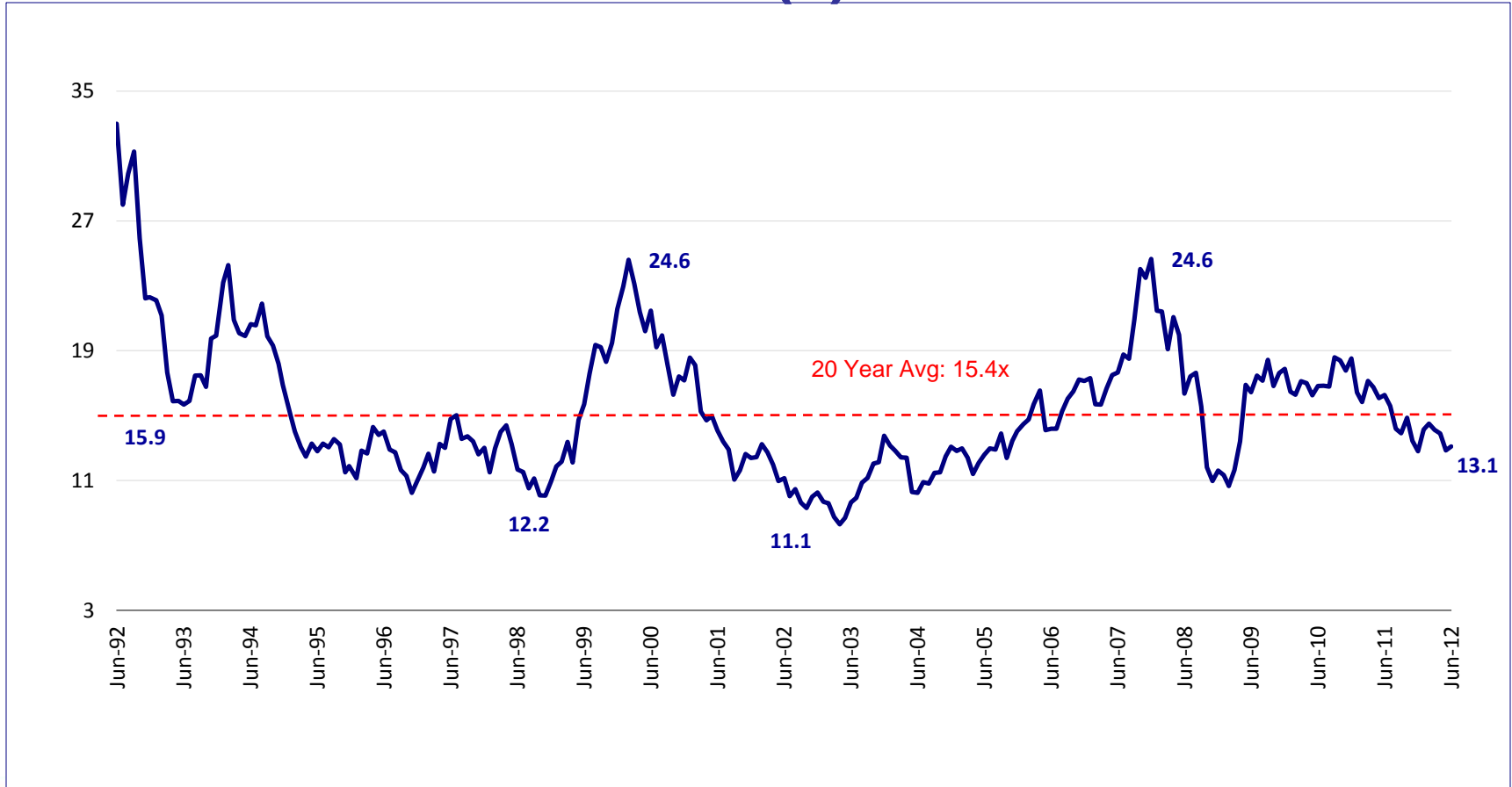
Why Equities now?

You must be greedy when everybody is FEARFUL.

You must be fearful when everybody is GREEDY.

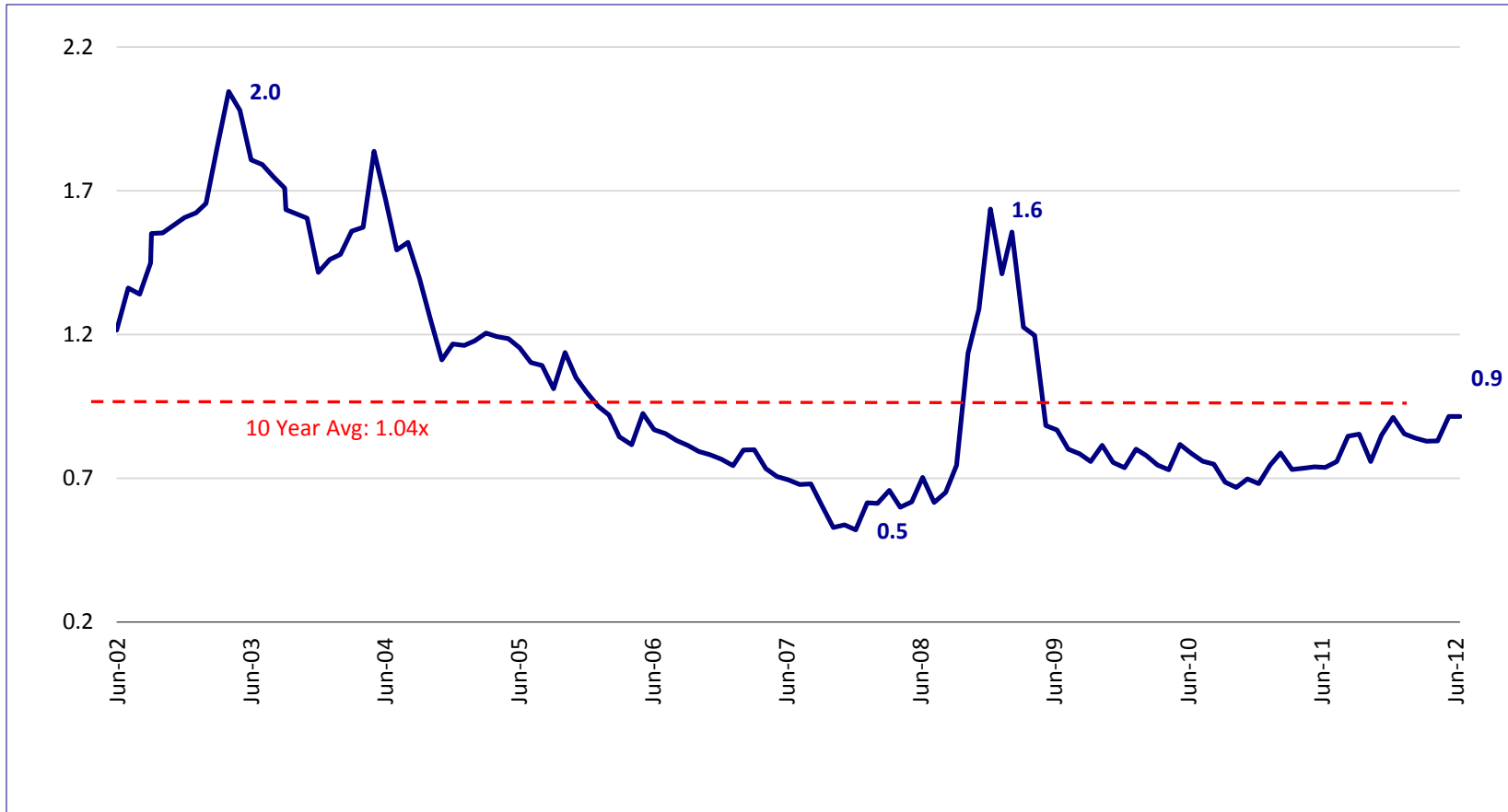
Why Equities now?

SENSEX P/E (x) - 20 Year



Why Equities now?

SENSEX EARNINGS YIELD Vs BOND YIELD (%) - 10 Year



Why Value?

**If you want to make more money than other people,
you cannot invest like other people**

Why Value?

Value investing is an investment framework that focuses on process & not on outcome

Process of Investing

- **The businesses we understand**
- **Terrific management**
- **Reasonable valuation**

Focus on Great Businesses

3 types of businesses

- **Great**
- **Good**
- **Gruesome**

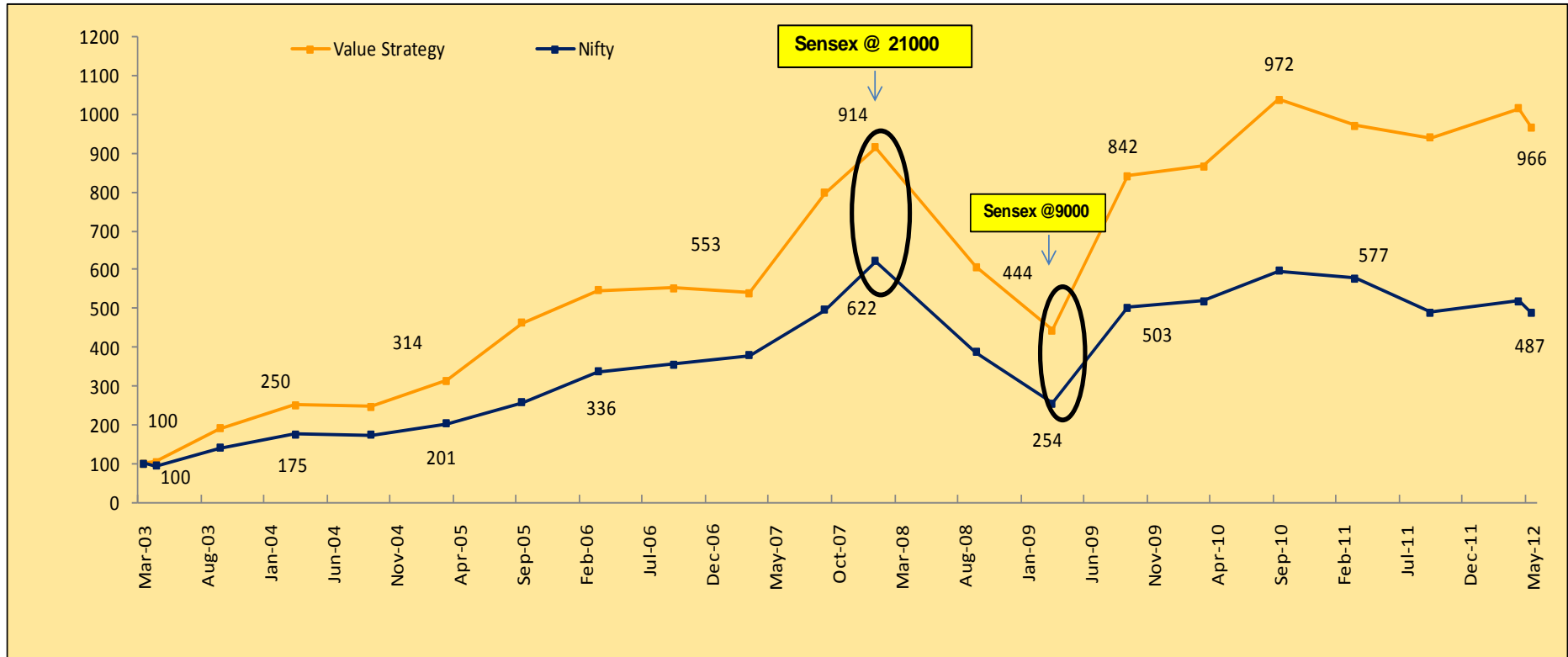
Long-term : Buy & Hold

The enemy of investment is activity

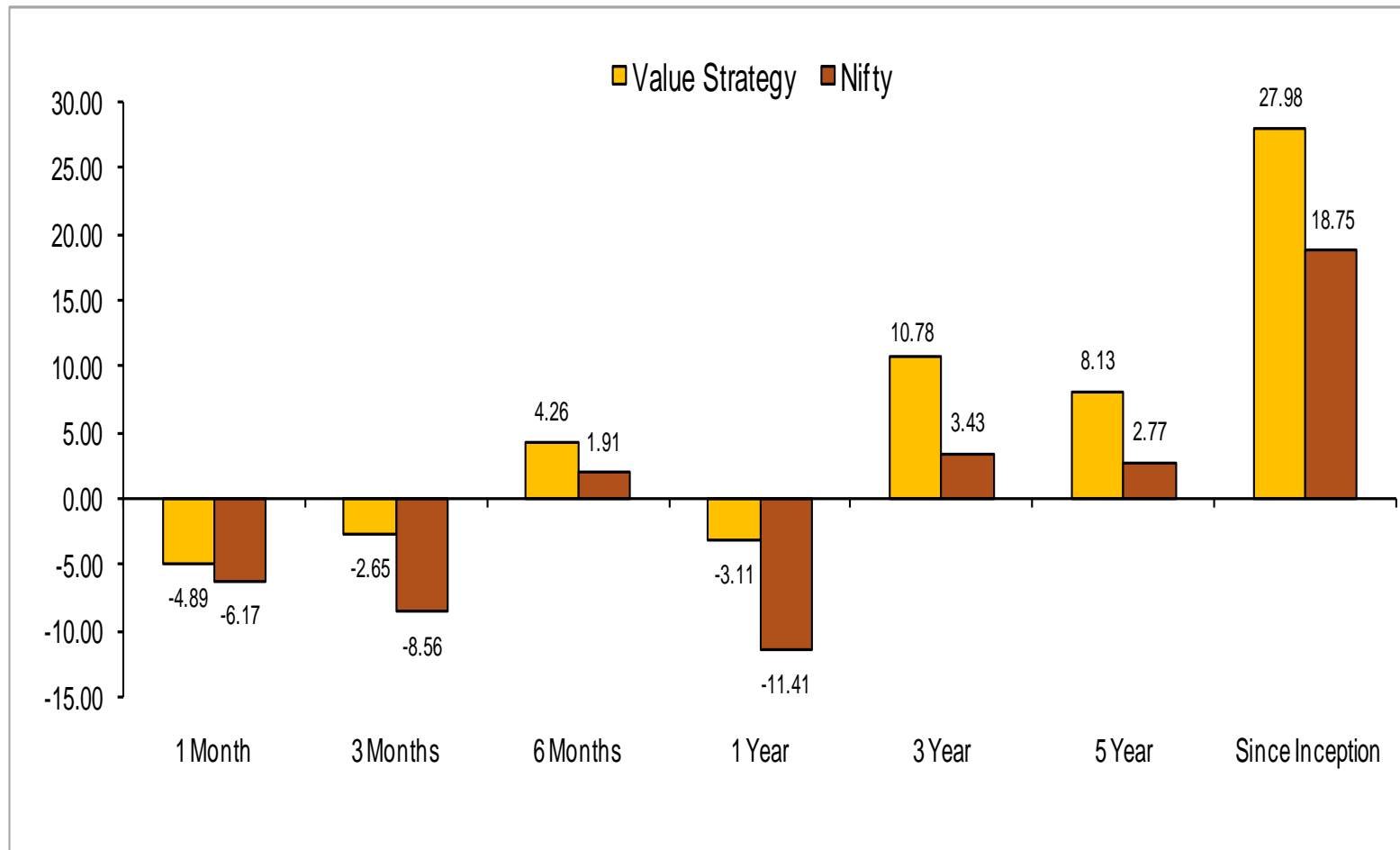
No market timing

Focus on what the business will do in the years ahead, instead of what manager will do in the days ahead

Performance of Value since inception



Performance Track Record



Summary

1. Equity is the only asset class with exponential possibilities
2. Market timing and high asset turnover don't go well with value strategy
3. Portfolio of great businesses bought at reasonable price should give good returns



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HAPPY INVESTING